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REVISED



Santos H. Kriemann  
Director

Kerry Silverstrom  
Chief Deputy

Gary Jones  
Deputy Director

May 01, 2012

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

28 May 1, 2012

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**DELEGATE AUTHORITY TO THE DIRECTOR OF THE DEPARTMENT OF BEACHES AND HARBORS TO APPROVE EXECUTE AMENDMENT NO. 1 TO THE LIFEGUARD VEHICLE SPONSORSHIP AGREEMENT WITH FORD MOTOR COMPANY (3<sup>RD</sup> AND 4<sup>TH</sup> DISTRICTS) (3 VOTES)**

**SUBJECT**

This action is to delegate authority to the Director of the Department of Beaches and Harbors to extend Lifeguard Vehicle Sponsorship Agreement No. 76551 with Ford Motor Company for two years, the initial term of which is due to terminate on May 12, 2012. In consideration for the two-year extension, Ford Motor Company will transfer title and ownership to the County of the 45 custom-built Ford 2008 Escape Hybrid Sport Utility Vehicles currently in use by the Fire Department's Lifeguard Division as beach patrol vehicles during the extended term of the Agreement. Pursuant to the term extension, Ford Motor Company will also provide an additional two-year extended warranty on the vehicles and provide the county with the right to purchase up to 40 additional vehicles at preferred pricing during the extension period. In exchange, Ford will retain the rights it currently has under the existing Agreement.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Authorize and instruct Delegate authority to the Chairman Director of the Los Angeles County Board of Supervisors Department of Beaches and Harbors to sign execute the attached Amendment No. 1 to Agreement No. 76551 with Ford Motor Company, as approved by County Counsel in substantially similar form to

the one attached, which will extend the Agreement for a period of two years, in exchange for the County securing permanent ownership of the 45 custom-built Ford 2008 Escape Hybrid Sport Utility Vehicles currently in use as beach patrol vehicles by the Fire Department's Lifeguard Division, an additional two-year extended warranty on the vehicles, and the right to purchase up to 40 additional vehicles at preferred pricing.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The current Agreement No. 76551 (Agreement) with Ford Motor Company (Ford) was approved by your Board on May 13, 2008 and will terminate on May 12, 2012, after which time the County could either return or purchase the 45 custom-built Ford 2008 Escape Hybrid Sport Utility Vehicles (SUVs), currently in use as beach patrol vehicles by the Fire Department's Lifeguard Division (Lifeguards). Although the Agreement included two four-year extension options, Ford has opted not to exercise the options. Instead, it has offered a two-year extension in exchange for the County taking permanent ownership of the 45 SUVs during the term extension without purchase cost, as well as an extended warranty during the term extension and the continued ability of Lifeguards and the Department of Beaches and Harbors (Beaches and Harbors) to purchase up to 40 new Ford vehicles at preferred pricing. In exchange, Ford will continue to have its existing exclusive right to advertise itself as the "Official Vehicle Sponsor of Los Angeles County Beaches" and the "Official Vehicle Sponsor of Los Angeles County Beach Lifeguards", in addition to Ford's exclusive signage rights in the advertising category of "Motor Vehicles", which precludes competing vehicle manufacturers from having name identification on County-owned and operated beaches. During the term extension, Ford would also continue to receive 20 Beaches and Harbors-approved special event beach permits per year to promote its brand and products and the option to sponsor and place its name identification rights on up to 200 potential freestanding Rip Current Signs along the beaches.

### **Implementation of Strategic Plan Goals**

Amendment No. 1 to Agreement No. 76551 (Amendment) promotes the County's Strategic Plan "Operational Effectiveness" Goal 1, "Fiscal Management" Strategic Initiative 3, by providing the 45 SUVs and two-year extended warranties to the County at no cost, in addition to preferred pricing on new Ford vehicles that may be purchased by the Lifeguards and Beaches and Harbors. Additionally, the Strategic Plan's "Community and Municipal Services" Goal 3, "Cultural and Recreational Enrichment" Strategy 1, is furthered by the County's use of the 45 SUVs and its ability to purchase new, discounted Ford vehicles, all of which assist Lifeguards and Beaches and Harbors in providing a cleaner and safer environment for the 55 million annual beachgoers who visit and recreate on the Los Angeles County beaches.

### **FISCAL IMPACT/FINANCING**

This Amendment will provide the County with permanent ownership of the 45 SUVs during the extended term, with an estimated current wholesale value of \$904,500, as well as an extended two-year warranty on the vehicles, valued at \$60,000, for all warranty repairs and other necessary service through local Ford dealerships. The County will continue to be responsible for all ordinary operating expenses for the 45 SUVs, such as gas, oil and tire repairs, as well as all vehicles purchased at preferred pricing. The County will continue to ensure all vehicles through its self-insurance program.

The cost savings in fuel through use of hybrid vehicles is estimated to be \$267,883 per year at today's prices, based on the tank capacity and the increased fuel efficiency the SUVs provide. Over the course of the two-year extension period commencing on May 13, 2012, the Amendment will provide a total estimated cost savings of over \$1,500,000.

Neither the Lifeguards nor Beaches and Harbors will purchase new vehicles through the preferred pricing option unless funds are available in either budget to do so. If new vehicles are purchased, identifying emblems and operational equipment will be placed on the newly purchased vehicles at each Department's cost.

#### **Operating Budget Impact**

No funds have been allocated in either the Lifeguards' or Beaches and Harbors' FY 2011-12 and FY 2012-13 budgets towards the purchase of new Ford vehicles, although Beaches and Harbors' FY 2012-13 budget may be amended to allow for the purchase of several new Ford vehicles as a result of cost savings from, for instance, a postponement in the purchase of heavy, mechanized equipment.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Other than the changes identified, all other provisions of the Agreement will remain in force and effect.

Beaches and Harbors was unable to secure a recommendation from the Beach Commission at its February 22, 2012 meeting due to a lack of a quorum. Thus, there is no recommendation from the Beach Commission on this matter.

County Counsel has will approved the Amendment as to in its final form prior to the Director of Beaches and Harbors executing it on behalf of the County.

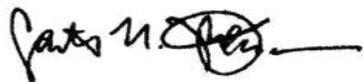
**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

This Amendment will provide for continued use of the 45 SUVs by the Lifeguards and the opportunity to secure additional vehicles to be purchased at a preferred price by the Lifeguards and Beaches and Harbors, which will ensure the continued safety of beachgoers throughout Los Angeles County.

**CONCLUSION**

Authorize the Executive Officer of the Board to send one approved copy of this letter, ~~as well as two executed copies of the Amendment,~~ to the Department of Beaches and Harbors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Santos H. Kreimann", with a horizontal line extending to the right.

SANTOS H. KREIMANN  
Director

SHK:ks

Enclosures

c: Chief Executive Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Fire Chief

**AMENDMENT NO. 1 TO AGREEMENT NO. 76551  
BY AND BETWEEN THE COUNTY OF LOS ANGELES  
AND THE FORD MOTOR COMPANY**

This Amendment No. 1 is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2012, by and between the COUNTY OF LOS ANGELES ("County"), a political subdivision of the State of California, and FORD MOTOR COMPANY ("Sponsor"), a Delaware corporation.

RECITALS

- A. On May 13, 2008, Sponsor and County entered into Agreement No. 76551 ("Agreement"), whereby Sponsor agreed to provide the Fire Department's Lifeguard Division with 45 custom-built Ford 2008 Escape Hybrid Sport Utility Vehicles ("Vehicles"), without charge, for use as beach patrol vehicles during the term of the Agreement and to offer up to 40 additional vehicles at preferred pricing to the Lifeguard Division and the Department of Beaches and Harbors. In exchange, Sponsor received the exclusive right to advertise itself as the "Official Vehicle Sponsor of the Los Angeles County Beaches" and the "Official Vehicle Sponsor of the Los Angeles County Lifeguards" in all advertising media and name identification on all donated Vehicles. In addition, Sponsor also received exclusive signage rights in the advertising category of "Motor Vehicles", 20 annual special event beach permits, and the option to provide 200 Rip Current Signs with name identification, all on County-owned and operated beaches.
- B. The Agreement terminates on May 12, 2012, however, the County and Sponsor hereby agree to extend the Agreement for a period of two years, in exchange for donating Vehicles permanently to County without cost during the two-year extension period, and offering preferred pricing to the Lifeguard Division and the Department of Beaches and Harbors for the purchase of up to 40 new Ford vehicles.
- C. A two-year extension of the Agreement, effective upon execution by the County and Sponsor no later than May 12, 2012, is advantageous to the County because there will be cost savings by not having to purchase a new lifeguard patrol vehicle fleet in 2012 and securing two-year extended warranties without cost, as well as because the Vehicles will become permanent County property without cost during the extension period.

AMENDMENT

NOW, THEREFORE, in consideration of the above, it is agreed by and between the parties as follows:

- 1. Section 4, Consideration, is hereby amended as follows:

- a. The last two paragraphs of Subsection 4.A are deleted in their entirety and replaced as follows:

During the extended two-year period of the Agreement, the Fire Department's Lifeguard Division will continue to have the right to use the 45 Ford 2008 Escape Hybrid Sport Utility Vehicles in use during the original Agreement term. During such time, County agrees that all Vehicles will display Sponsor's branding, advertising and/or Trademark(s) on the designated Name Identification Space.

- b. Subsection 4.B is deleted in its entirety and replaced as follows:

Sponsor will provide County with a two-year extended warranty on the Vehicles without cost, commencing on May 13, 2012. County will have no continuing obligations to Sponsor relative to Vehicles pursuant to this Agreement after the extended two-year period expires.

- c. Subsection 4.C is deleted in its entirety and replaced as follows:

Preferred Price on up to 40 vehicles will be made available to the Lifeguards and the Department throughout the term of this Agreement, including the two-year extension, and will not be limited to Vehicles described above. Once County has made such purchase from Sponsor's designated Southern California dealer, County will own these vehicles free and clear and therefore will be without any obligation to return such vehicles to Sponsor upon termination of the Agreement.

- d. Subsection 4.E is deleted in its entirety and replaced as follows:

At the termination of the extended term, Sponsor will offer County the right to purchase extended warranty plans for Vehicles to the extent such a plan is available for used vehicles.

- e. Subsection 4.F is deleted in its entirety.

2. Section 6, Buyout Option, is deleted in its entirety and replaced as follows:

6. **Ownership and Title**

Sponsor will submit Transfer of Ownership documentation to the County transferring title and ownership of the Vehicles to County on or before May 12, 2014. Upon transfer of title and ownership, County will own Vehicles free and clear and therefore will be without any obligation to return Vehicles to Sponsor.

3. Section 7, Term and Extension of Rights, is deleted in its entirety and replaced as follows:

This term of Agreement No. 76551 will be extended for two years from May 13, 2012 until May 12, 2014, subject to the provisions concerning termination set forth in Sections 8 and 11.

4. Except as otherwise expressly stated herein, all other terms and conditions of the Agreement shall remain in full force and effect and are hereby reaffirmed by County and Sponsor.

IN WITNESS WHEREOF, Sponsor has executed this Amendment No. 1 to Agreement No. 76551, or caused it to be duly executed, and the County of Los Angeles, by order of its Board of Supervisors, has caused this Amendment No. 1 to Agreement No. 76551 to be executed on its behalf by the Director of the Department of Beaches and Harbors, the day and year first above written.

(SPONSOR ACKNOWLEDGMENT)

SPONSOR

FORD MOTOR COMPANY, a Delaware Corporation

By: \_\_\_\_\_  
Ken Czubay, Vice President  
U.S. Marketing, Sales and Service

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Santos H. Kreimann, Director  
Department of Beaches and Harbors

APPROVED AS TO FORM:

JOHN KRATTLI  
Acting County Counsel

By: \_\_\_\_\_  
Christina Angeles Salseda  
Principal Deputy County Counsel